

KING'S COLLEGE, CAMBRIDGE

At a meeting of the Council held in the Wine Room
On Tuesday, 16th July, 2013 at 2pm

<i>Present:</i>	Provost	<i>In</i>	First Bursar <i>to Item 288</i>
	Dr Adkins	<i>Attendance:</i>	Senior Tutor
	Professor Dunn <i>to Item 288</i>		Domus Bursar
	Dr Keverne		Nicholas Worth (KCGS)*
	Dr Marston		Mr Abrams*
	Dr Musallam		Dr Mody <i>from Item 279</i>
	The Revd Dr Morris		Jake Howe (<i>to Item 277</i>)
	Dr Omitowoju <i>from Item 284</i>		Mrs Wilson for Minutes
	Dr Zeeman <i>to Item 292</i>		<i>*For Open Business only</i>

OPEN MATTERS

Apologies for Absence

Apologies for absence were received from the Vice Provost, Dr Flack and Dr Moody.

Declarations of Interest

Mr Worth and Mr Abrams declared an interest in Item 277. Dr Zeeman declared an interest in Item 284.

275. Minutes of Open Matters of 2nd July 2013

The minutes of the Open Matters of the meeting held on 2nd July 2013 were approved.

276. Action List and Matters Arising

There were no matters arising.

277. Graduate Bar Proposal

- a. Received: a paper from KCGS Graduate Bar Committee.
- b. Agreed:
 - i. to permit the opening of the Graduate Bar to supplement Graduate Drinks fortnightly throughout the 2013-2014 academic year, subject to the approval of the Designated Premises Supervisor.
 - ii. that the Graduate Bar shall continue to operate in its present manner, including setting drink prices with approval of the DPS, with the long term fate of Graduate Bar profits to be discussed by the First Bursar, KCGS President, Graduate Bar Manager and any other interested parties in Michaelmas Term 2013.

278. Minutes of the Use of Choirs Committee of 26th June 2013

Received: the Minutes of the Use of Choirs Committee of 26th June 2013.

279. Research Associates

- a. Received: a paper from the Research Managers on College Research Associates.
- b. Agreed: that the paper be referred back to the Research Committee and that Council should discuss Associates of the SCR in the Michaelmas Term.

280. Long Vac Visitors

Received: a paper from the Senior Tutor giving details of the visiting students during the Long Vac 2013.

281. Heath Prize

Received: a paper from the Senior Tutor giving the names of the winners for 2013, who are Rory Boyd and Aurien Compton Joseph.

282. Chorister Advertising

- a. A paper was received from the Dean, outlining a proposal for the production a series of short video clips advertising choristerships at King's.
- b. Agreed: to approve the proposal as contained in the paper.

283. Online Catalogue

- a. Received: a report from the Adornment Committee on the Online Catalogue of the College Paintings.
- b. Agreed: to establish, in consultation with the Webmaster, the Online Catalogue on the College intranet, accessible by First Bursar, the Domus Bursar, the Keeper of College Paintings, all members of the Adornment Committee, and the Personal Assistant to the Domus Bursar; but updatable by the Personal Assistant to the Domus Bursar only.

284. Keeper of the College Collections

- a. Received: a report from the Adornment Committee recommending the establishment of a post of the Keeper of the College Pictures.
- b. Agreed: to establish the post of Keeper of the College Pictures, with the duties of the post to be decided later.

285. College Loan

- a. Received: a paper from the First Bursar.
- b. Agreed:

Reported:

¹ In accordance with vote 203 of the Council meeting on 28th May 2013 and vote 6 of the Governing Body meeting on 25th June 2013, the First Bursar was authorised to discuss arrangements to borrow up to £15 million through the issuing of a private placement bond, and it was approved that the Investment Committee should have the

power to approve the terms of such a loan and to authorise the First Bursar to act on the College's behalf.

2 That the First Bursar, acting on behalf of the College, has been in discussions with a number of other colleges with immediate debt requirements (the "**Participating Colleges**"). The Participating Colleges propose to aggregate their debt requirements, and raise money on the capital markets through an aggregated private placement structure (the "**Private Placement**"). The structure will involve the creation of a special purpose vehicle which will issue the Notes to institutional investors and on-lend the proceeds to the Participating Colleges.

3 That the Participating Colleges have informally appointed Rothschild to provide independent financial advice and Mills & Reeve LLP to provide legal advice on the proposed structure.

4 That Heads of Terms have been prepared and issued to a number of banks, with a view to their potential appointment as arranging banks for the Private Placement;

5 That following a beauty parade, Barclays Bank PLC and The Royal Bank of Scotland plc (the "**Banks**") were chosen to act as arranging banks for the Private Placement.

6 That in order to proceed with documentation of the Private Placement, a commitment was required from the Participating Colleges in the form of an in principle approval of the Heads of Terms and confirmation of the amount required, such approval to be obtained before 19 July 2013.

Received

7 A Project Manager's note in relation to the proposal, including an anticipated interest rate, for the Private Placement from Rothschild dated 5 June 2013;

8 A copy of the Heads of Terms as at 18 June 2013, incorporating comments made by the Banks, and in near final form (the "**Heads of Terms**").

9 An Indicative Pricing Update from the Banks dated 6 June 2013.

Noted

10 That the Heads of Terms set out the proposed terms on which the Private Placement would be issued, including the following:

(a) The Private Placement is currently expected to be for an amount between £100m and £150m, depending on the final number of Participating Colleges and their respective debt requirements (the "**Principal Amount**"), for a term between 30 and 40 years;

(b) A company, Cambridge Colleges Funding Plc ("**CCF**") will be set up as the issuing vehicle, in order to issue notes to the institutional investors up to the Principal Amount, and to on-lend the proceeds of the notes to the Participating Colleges;

(c) Each Participating College will be required following confirmation of participation to acquire or subscribe for ordinary shares of £1.00 each in CCF as an initial investment (see (j) below on additional contribution required) to ensure that CCF has the required minimum share capital for a plc. The proposed initial share capital to be acquired by each Participating College is £5,000, although this is in part dependent on the number of Participating Colleges. Further investment may be required if a smaller than anticipated number of Participating Colleges are involved. Such funds will be used as a contribution to fund initial set-up and administration costs;

(d) Each Participating College will have the right, but not the obligation, to appoint a director of CCF. It is proposed that CCF will initially have three directors : Paul ffolkes Davis (Bursar, Trinity Hall), Ross Reason (Bursar, Robinson College) and Jonathan

Spence (Bursar, Queens' College). It is also proposed that the three directors will lead negotiations with the Banks on behalf of CCF;

(e) It is currently proposed that the administration of CCF, including the receipt of interest from Participating Colleges and payment of interest to Noteholders, will be outsourced to a third party;

(f) The bond proceeds will be on-lent by CCF to the Participating Colleges in the agreed proportions (as detailed in the Heads of Terms) and each Participating Colleges loan will be on identical terms (the “**On-Loans**”);

(g) The On-Loans will be standalone arrangements between CCF and each Participating College. The Participating Colleges will not cross-guarantee each other, and default by one Participating College will not cross-default the On-Loans of the other Participating Colleges;

(h) The On-Loans will be unsecured but it is likely that each Participating College will be required to covenant that it will not grant security in respect of third party debt in excess of 10% of Net Assets (including pension asset/liability);

(i) The On-Loans will contain a financial covenant that the total net debt of the College will not exceed 50% of net assets (including pension asset/liability).

(j) The costs incurred by CCF will be shared proportionately between the Participating Colleges;

11 Immediately on set-up of CCF, CCF will formally appoint:

(i) Rothschild, as independent financial adviser;

(ii) Mills & Reeve LLP, as legal counsel;

(iii) Barclays Bank PLC and The Royal Bank of Scotland plc, as arranging banks.

12 That the Banks view on indicative pricing was that interest rate would be in the region of 4.07 – 4.17% (30 years) or 4.17 – 4.27% (40 years).

Resolved

13 Following extensive consideration of the Heads of Terms, to provide “in principle” approval of the Heads of Terms and of the College’s continued participation in the Private Placement.

14 To authorise the First Bursar to confirm to CCF that the College commits to borrowing the sum of up to £15,000,000, on the basis that the interest rate does not exceed 4.75%, the term is not less than 25 years and in all other respects the terms of the On-Loan do not materially differ from those set out in the Heads of Terms.

15 To approve the acquisition of ordinary shares of £1.00 each in CCF and to make such further contributions (either as share capital or otherwise) as and when required towards initial costs and ongoing administration of CCF;

16 To delegate to the First Bursar authority to continue negotiation of the documentation required to give effect to the Heads of Terms, and to delegate to the Investment Committee final approval of all documentation terms, conditions and pricing;

17 To approve the appointment of Paul ffolkes Davis, Ross Reason and Jonathan Spence as initial directors of CCF, with a remit to lead in negotiations of the legal documents on behalf of CCF, such documentation to include the model note agreement (setting out the terms on which the notes will be issued to the noteholders), the Information Memorandum and articles of association and shareholders agreement of CCF (setting out the terms on which CCF will operate);

18 To delegate to the First Bursar authority to provide to CCF such information relating to the College and to execute any related certificates or confirmations in relation to such information as CCF requires to prepare an Information Memorandum to supply to potential investors and/or to prepare a form of Investor Presentation prior to a roadshow of potential investors in September 2013,

19 To delegate to the First Bursar authority to counter-sign any mandate or appointment of any professional adviser to CCF;

20 To delegate to the First Bursar authority to execute a commitment letter in relation to the College's participation in the Private Placement, any application for shares in CCF and any shareholder agreement relating to the College's shareholding in CCF;

21 To delegate to the First Bursar authority to do such other things, including the execution of documents (including but not limited to the On-Loan), certificates and notices, and to provide such further information to CCF and/or to the Banks as is necessary or desirable in order to give effect to the Heads of Terms.

286. Any Other Business

There was no other business